



# MWDOC FYE'24 BUDGET

## Second Draft Budget

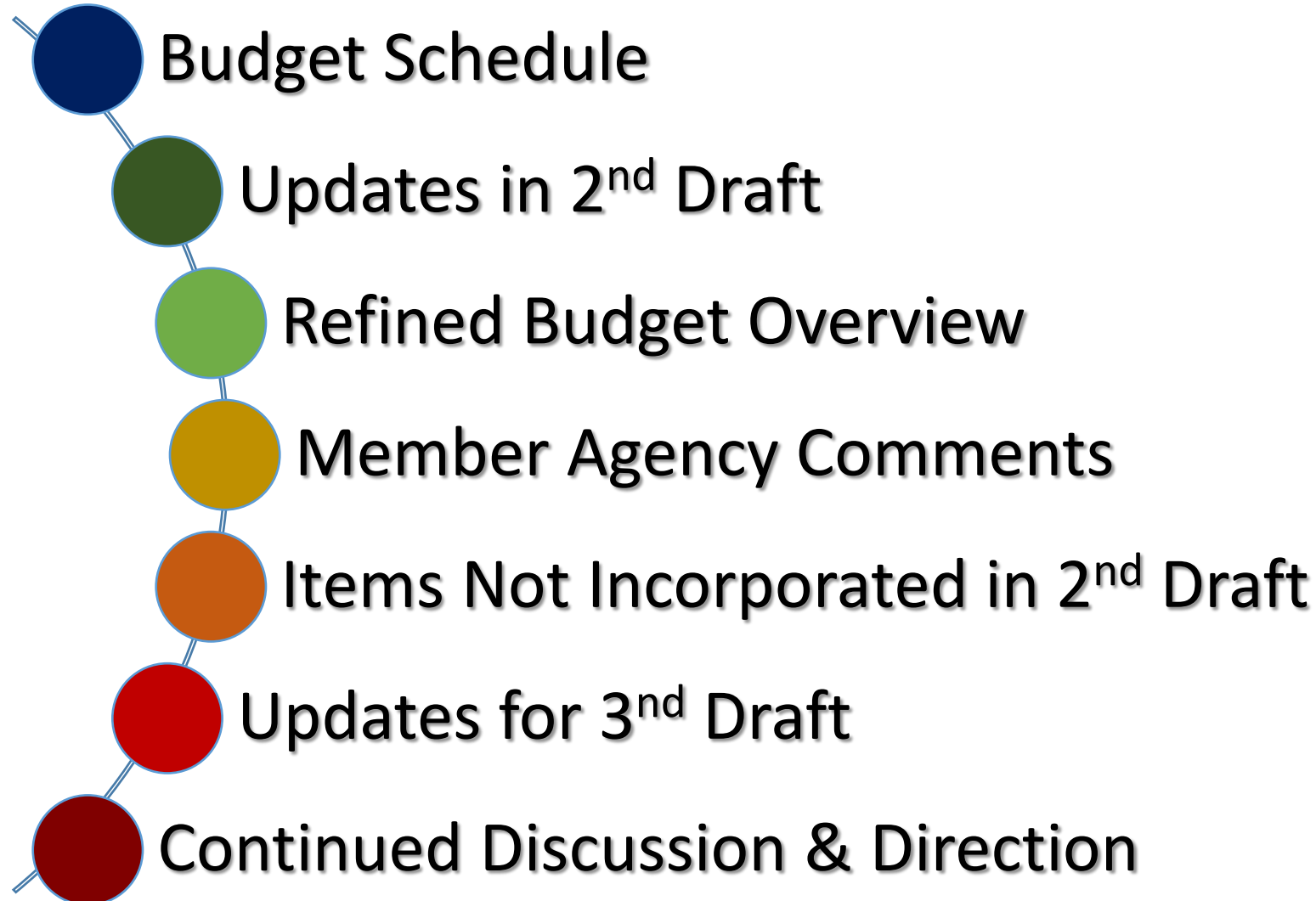
MWDOC Administration & Finance Committee Meeting

Municipal Water District of Orange County

03.08.2023



# Budget Presentation Agenda



# MWDOC FYE'24 Budget - Schedule


## January 2023

- Year-End Projections & Conceptual Budget Review @ A&F Committee (1-11)
- Member Agency preliminary participation in Choice

## February 2023

- First Draft Budget @ A&F Committee (2-8)
- Member Agency Managers Meeting (2-16)
- Initial Member Agency Choice Participation Confirmation (2-20)

## March 2023

- 
- Second Draft Budget @ A&F Committee (3-8)
  - CHOICE Program Discussions
  - Member Agency Managers Meeting (3-16)
  - Member Agencies' submit formal Comments on Budget (3-24)

## April 2023

- Elected Officials Meeting (4-6)
- Third Draft Budget & Member Agency comments presented @ A&F Committee Meeting (4-12)
- Board Approval of Final Budget & Rates (4-19)

## June 2023

- Member Agencies Confirm Final Choice participation (6-9)

## August 2023

- Reconciliation of FY 2022-23 WUE & Choice Programs

## September 2023

- Revised Final Choice Budget @ A&F Committee (9-13)
- Board Approval of Revised Final Choice Budget (9-20)

# Updates in 2<sup>nd</sup> Draft Budget

## Additions Per Feb A&F Committee & Board Direction from 1<sup>st</sup> Draft

- IT Consultant (\$95,000)
- Membership for CCEEB along with the coordinating conference (\$47,100)

## Resulted in Budget Refinements for the 2<sup>nd</sup> Draft

- Core expenses increase of \$149,741 (1.5%)
- Core revenue increase of \$6,514
  - Difference between the changes in expenses and revenue resulting in a slightly larger draw on reserve (\$143,226)
- Water Sales projections
- Local Resources Program incentive projection
- Meter Count updated

# MWDOC FYE'24 Budget Overview

## RATES

- Fixed Meter Charge @ \$14.25 – Y-T-Y Increase of 3.5% or \$0.50
- OCWD Contribution @ \$391,100 – Y-T-Y Increase of 5.96% or \$23,294

## REVENUES

- Core Revenues @ \$9,919,765 – Y-T-Y Increase of 5.2% or \$517,587  
(\$173,439 increase in Interest Revenue)

## OPERATING EXPENSES

- Core Expenses @ \$9,858,801 – Y-T-Y Increase of 10.4% or \$1,023,367

## CHANGE IN STAFF LEVELS (MWDOC + WEROC)

- Part-time Staffing Level increase (+1.71 FTE)
- Total Staffing net increase (+0.77 FTE)

# MWDOC FYE'24 Budget Overview (cont.)

## EXPENSE CATEGORY Y-T-Y CHANGES

- Staff & Director Salaries & Benefits (+) \$386,804 (6.3%)
- Professional Fees (+) \$274,850 (23.7%)
- Contribution to Election Reserve (+) \$80,272 (21.1%)
- Miscellaneous Expense due to reclass of expenses (+) \$52,500 (29.9%)
- Insurance Expense (+) \$42,976 (23.4%)
- Maintenance Expense (+) \$24,460 (13.4%)
- Memberships (+) \$45,155 (23.6%)

## TOTAL OUTSIDE WUE FUNDING

@ \$13,605,720 (+) 5,060,446 (37.2%)

## INITIAL CHOICE Y-T-Y EXPENSES

@ \$2,019,820 (+) \$261,868 (12.9%)

# Member Agency Comments

**MWDOC received the following comments from the Member agencies on the Draft Budget:**

- **Request for additional information on the need and responsibilities for the additional (1) FTE for Public Affairs**
  - Additional information is discussed later in this presentation
- **OCWD requested copies of the scope of work for the two additional consultants (Whittingham Public Affairs & Dopudja Wells) in the Government Affairs budget**
  - Staff will send copies of the scope of works to OCWD
- **Regarding our District's compensation merit pool, OCWD requested a survey be conducted of its member agencies' salary increases before Board adoption**
  - Staff plans to present its annual salary survey at the April A&F Committee

# Items Not Incorporated in 2<sup>nd</sup> Draft

## ADDITIONAL RESOURCES

- Addition of one (1) FTE to the Public Affairs Department (PA Coordinator I)

## WUE REGULATORY COMPLIANCE ASSISTANCE

- Hire and manage a consultant that will be made available to member agencies to develop CII Best Management Implementation Plans as required by SB 606 and AB 1668, the new water use efficiency framework. These services will be available as a Choice service funded by agencies accessing these services

## “CA Water For All” PR Campaign (SOLVE THE WATER CRISIS Group)

- Public relations program through CMUA designed to support the legislation & advocacy (per agency contribution of \$20,000)

## WATER FOUNDATION EDUCATION TOURS

- (2) Water Educational Tours for Directors (\$3,000 includes travel)





# Budget Assumptions – Salary Merit Pool

## **SALARY CONTRIBUTION MERIT POOL FOR FYE'24**

- **CPI @ 7.45% (High-Range)**
- **Budget Assumption @ 11.45% of Salaries & Wages**

SALARY CONTRIBUTION POOL METHODOLOGY		
CPI Range		Pool Formula
High	$4.7\% \leq$	CPI + 4%
Medium	2.4% TO 4.7%	CPI + 85% CPI
Low	0% to 2.4%	CPI + 2%
Negative	$\leq 0\%$	50% CPI + 2%

# Budget Assumption – Salary Merit Pool

## Objectives of the Salary Pool Formula

- Guide for Budget Assumption
- Formula seeks to keep up with labor market conditions & retain our talented workforce

## MWDOC does not provide a Cost-of-Living Adjustment (COLA) for employee salary increase

- Salary increase are solely merit basis

## MWDOC conducts an annual survey from water agencies for comparison

- Currently compiling water agency data and will present in April
- Historically, our formula has compared very well with other water agencies





# Additional (1) FTE Public Affairs



## 01 Community Events and Inspection Trips

- 26 Scheduled Events and Trips in a Typical Year
  - Half a Year of Weekends!
- At Least Two (2) Staff Members for Community Events
  - Information Table
  - Ricky Raindrop Requests are at an All Time High
    - Ricky Requires a Prudent Companion

## 02 Scouts

- In 2023, 10 MWD OC Member Agencies Interested in Hosting Both Boy and Girl Scout Clinics
  - Clinics Require at Least Three (3) Staff Members
  - Another 20 Weekends If All Requests Were Filled

## 03 Increased Overall Value

- Larger, More Visible Impact Campaigns and Initiatives
  - More Collateral and More Coordination Required
- More Requests for Presentations – and Growing
- More Requests for Articles and Written Content



# Public Affairs Team

## Programs/Responsibilities



#P Digital Strategic  
Communications Consultant  
& Video Production



**Damon Micalizzi**  
PA Director

Board Liaison and  
Member Agency Support

Executive Management Team

Communications Advisor

Strategic Communications  
Forecasting

Secure Prominent Speakers  
for Special Events

Media Relations and  
District Spokesperson

Prepare and Manage  
Department Budget

Interdepartmental Liaison

News Releases and  
Editorial Content Development

OC Water Summit

Writes Articles and  
Delivers Presentations



**Tiffany Baca**  
PA Manager

Daily Program, Staff,  
and Project Management

Evaluate, Refine, and  
Advance Existing Programs

New Program Development

Establish, Maintain, and Grow  
Strategic Partnerships

Campaign Manager

Executive Director, Water Energy  
Education Alliance (WEEA)

Develop and Advance  
Education Program Initiatives

Media Relations/News Releases

Social Media Oversight

Brand Manager

Public Affairs Workgroup (PAW)

Writes Articles and  
Delivers Presentations



**Sarah Wilson**  
PA Specialist

Member Agency  
and Board Support

Choice School Programs  
Coordination and Oversight

Scouts Programs Oversight

Community Event Oversight

Press Kit Assembly

Campaign Collateral  
Development

Graphic Support

Water Policy Dinners &  
Special Event Coordination

Copy Editor

Video Content Editor

News Releases

Writes Articles and  
Delivers Presentations



**Nate Shepherd**  
PA Coordinator I

Member Agency  
and Board Support

Inspection Trip  
Program Coordination

Community Event  
Coordination & Participation  
(Incl. Ricky Raindrop)

Boy Scouts  
Event Coordination

Social Media  
Content Development

Promotional Items  
and Inventory

Graphic Support

Briefing Papers/  
Fact Sheets Maintenance

Speakers' Bureau  
Coordination

Consumer Confidence Reports

Writes Articles and  
Delivers Presentations



**Katie Vincent**  
PA Coordinator I

Member Agency  
and Board Support

Inspection Trip  
Program Coordination

Coordination  
Special Events

Girl Scouts  
Event Coordination

Social Media  
Content Development

Poster Contest  
Coordination

Community Event  
Participation  
(Incl. Ricky Raindrop)

Accounting Liaison  
(Incl. Requisitions)

Graphic Support

eCurrents Assembly

Writes Articles and  
Delivers Presentations



**Alana Salas-Yoshii**  
PA Intern

Member Agency  
and PA Department Support

Industry Newsletter and  
Press Clip Distribution

Research Projects

Editorial Calendar

Special and Community  
Event Assistance

Ricky Raindrop  
Care and Maintenance

Prepare Staff Agenda  
and Take Notes

Maintain Contact Lists

Writing and  
Graphic Assignments

Social Media  
Content Development

Writes Articles and  
Delivers Presentations

*Intern Hours = 19 a week  
(Minimal Weekends)*

*Due to increased overall  
workload and the return of  
in person events, staff is  
unable to adjust schedules  
to avoid overtime.*

# Public Affairs Team

## Programs/Responsibilities



#P Digital Strategic  
Communications Consultant  
& Video Production



**Damon Micalizzi**  
*PA Director*

Board Liaison and  
Member Agency Support

Executive Management Team

Communications Advisor

Strategic Communications  
Forecasting

Secure Prominent Speakers  
for Special Events

Media Relations and  
District Spokesperson

Prepare and Manage  
Department Budget

Interdepartmental Liaison

News Releases and  
Editorial Content Development

OC Water Summit

Writes Articles and  
Delivers Presentations



**Tiffany Baca**  
*PA Manager*

Daily Program, Staff,  
and Project Management

Evaluate, Refine, and  
Advance Existing Programs

New Program Development

Establish, Maintain, and Grow  
Strategic Partnerships

Campaign Manager

Executive Director, Water Energy  
Education Alliance (WEEA)

Develop and Advance  
Education Program Initiatives

Media Relations/News Releases

Social Media Oversight

Brand Manager

Public Affairs Workgroup (PAW)

Writes Articles and  
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**Sarah Wilson**  
*PA Specialist*

Member Agency  
and Board Support

Choice School Programs  
Coordination and Oversight

Scouts Programs Oversight

Community Event Oversight

Press Kit Assembly

Campaign Collateral  
Development

Graphic Support

Water Policy Dinners &  
Special Event Coordination

Copy Editor

Video Content Editor

News Releases

Writes Articles and  
Delivers Presentations



**Nate Shepherd**  
*PA Coordinator I*

Member Agency  
and Board Support

Inspection Trip  
Program Coordination

Community Event  
Coordination & Participation  
(Incl. Ricky Raindrop)

Boy Scouts  
Event Coordination

Social Media  
Content Development

Promotional Items  
and Inventory

Graphic Support

Briefing Papers/  
Fact Sheets Maintenance

Speakers' Bureau  
Coordination

Consumer Confidence Reports

Writes Articles and  
Delivers Presentations



**Katie Vincent**  
*PA Coordinator I*

Member Agency  
and Board Support

Inspection Trip  
Program Coordination

Coordination  
Special Events

Girl Scouts  
Event Coordination

Social Media  
Content Development

Poster Contest  
Coordination

Community Event  
Participation  
(Incl. Ricky Raindrop)

Accounting Liaison  
(Incl. Requisitions)

Graphic Support

eCurrents Assembly

Writes Articles and  
Delivers Presentations



**Proposed Additional FTE**  
*PA Coordinator I*

Member Agency  
and Board Support

Community Event  
Participation  
(Incl. Ricky Raindrop)

Education Programs Support

Social Media  
Content Development  
(Incl. Video)

Graphic Support

Interdepartmental Liaison

Build and Maintain  
Pitch Decks and Presentations

Editorial Calendar

Content Coordinator

Maintain Distribution Lists

Writes Articles and  
Delivers Presentations



**Alana Salas-Yoshii**  
*PA Intern*

Member Agency  
and PA Department Support

Industry Newsletter and  
Press Clip Distribution

Research Projects

Special and Community  
Event Assistance

Prepare Staff Agenda  
and Take Notes

Graphic Support

Social Media  
Content Development

Writes Articles and  
Delivers Presentations (Lite)

# Updates for 3<sup>rd</sup> Draft

## A&F Committee and Board Direction

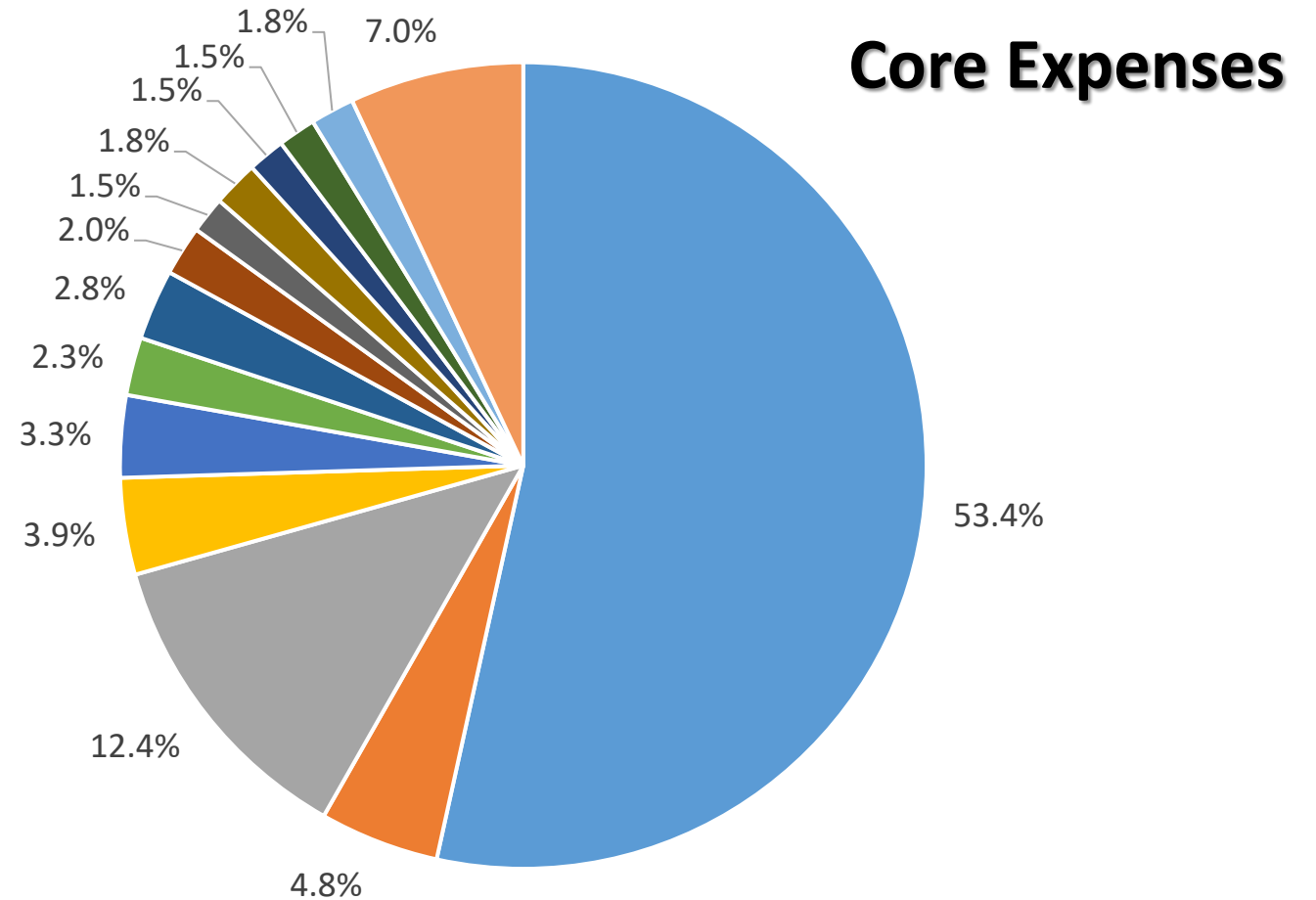
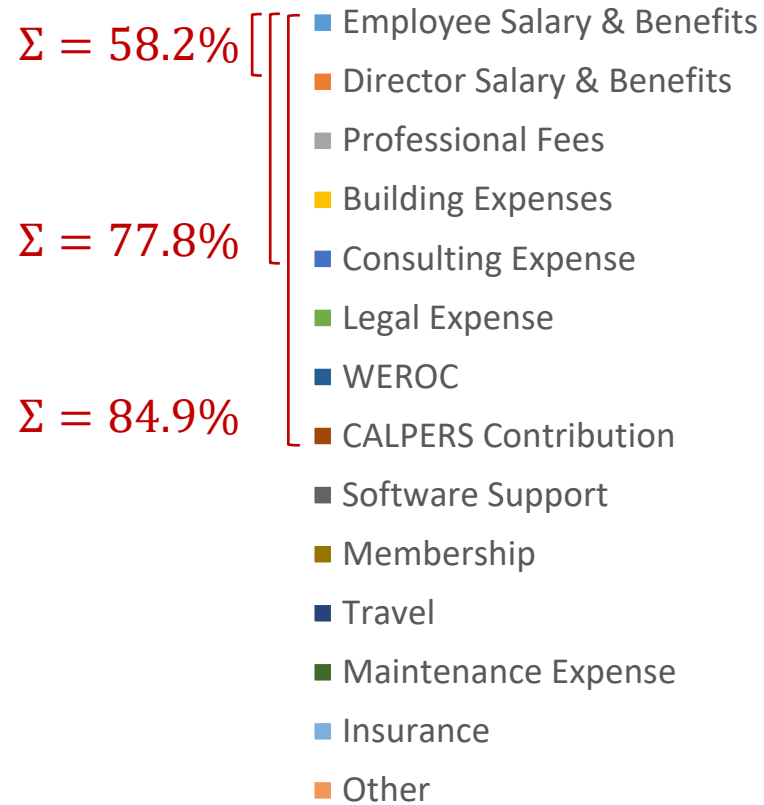
- 2<sup>nd</sup> Draft Budget Items and Assumptions
- Items Not Incorporated in 2<sup>nd</sup> Draft
  - Additional (1) FTE for Public Affairs
  - New Choice item - Hire a consultant to develop CII Best Management Implementation Plans
  - Participation in the “CA Water For All” PR Campaign
  - Add Water Educational Tours (2)

## Budget Refinements

- Choice program refinements

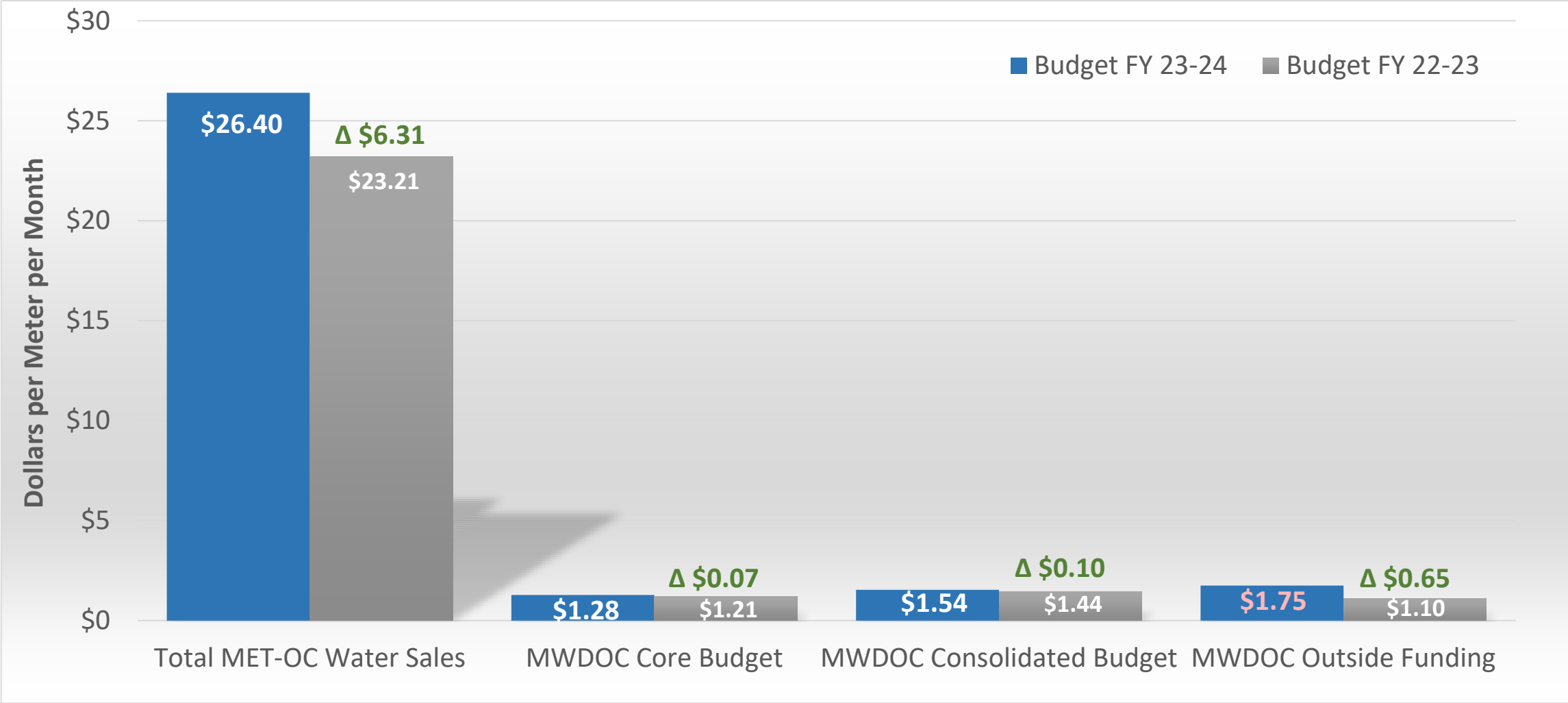
# BACKUP SLIDES

# FYE'24 Core Expense by Line Item - 2<sup>nd</sup> Draft

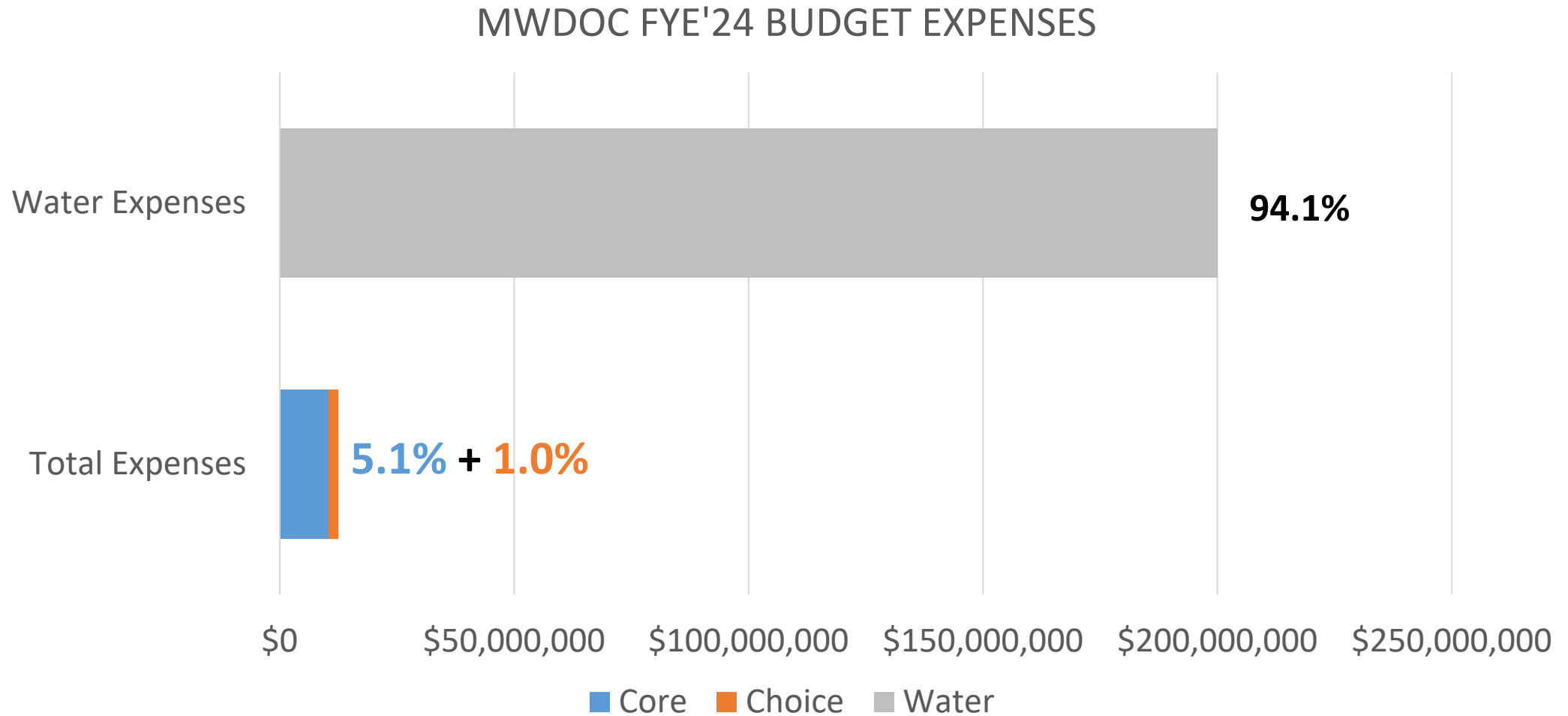




# MET and MWDOC Total Cost per Meter per Month FYE'24 (proposed)



# MWDOC Total Budget Summary



# MET Key Budget Assumptions as Adopted



Fiscal Year Ending	2023	2024
Overall increase January	5.0%	5.0%
Total Water Transactions*	1.59 MAF	1.54 MAF
State Water Project Allocation	15% / 40%	40% / 50%
Colorado River Aqueduct Diversions	1.007 MAF	0.923 MAF
Capital Investment Plan (CIP)	\$300 M	\$300 M
PAYGo (% of CIP)	45%	45%

\* Includes water sales, exchanges, and wheeling

# Adopted MET Rates & Charges

Rates & Charges Effective Jan. 1	2023 (Current)	2024 (Approved)
Tier 1 Supply Rate (\$/AF)	\$321	\$332
Tier 2 Supply Rate (\$/AF)	\$530	\$531
System Access Rate (\$/AF)	\$368	\$389
Water Stewardship Rate (\$/AF)	\$0	\$0
System Power Rate (\$/AF)	\$166	\$182
Full Service Untreated Volumetric Costs (\$/AF)		
Tier 1	\$855	\$903
Tier 2	\$1,064	\$1,102
Treatment Surcharge (\$/AF)	\$354	\$353
Full Service Treated Volumetric Costs (\$/AF)		
Tier 1	\$1,209	\$1,256
Tier 2	\$1,418	\$1,455
Readiness-to-Serve Charge (\$M)	\$154	\$167
Capacity Charge (\$/cfs)	\$10,600	\$11,200
Overall Rate Increase	5%	5%



# FYE'24 Department Priorities

## KEY DISTRICT PRIORITIES

- Supplemental Reliability Analysis of Water Supplies
- Emergency Use of East OC Feeder #2 and MET Shutdown Planning
- MET Business Model, Long-Term Financial Plan, and IRP Implementation Plan
- MET Drought Resilience Planning
- WUE & Water Loss Program Implementation
- WEROC Response Readiness, Training, Primary EOC, & Plan Development
- Legislation & Regulatory Leadership
- Education Initiatives & Media Engagement
- Performance Management
- IT Audit Implementation & Software Upgrades